Analysis of Dimensions of Corporate Entrepreneurship and Organizational Performance in Nigeria

Adeoti, J Olabode
University of Ilorin, Nigeria

Asabi, M Oludele
Osun State College of Technology, Esa-Oke, Nigeria

Abstract
This article analyzed the influence of dimensions of corporate entrepreneurship on organizational performance in food and beverages sector of Nigerian economy. 371 respondents were randomly sampled while structured questionnaires were used to gather data from respondents from a total population of 1,797. Multiple regression technique was adopted to analyse the Effect of Dimensions of Corporate Entrepreneurship (Independent Variables) on Organizational Performance (Dependent Variable). The results revealed that the Dimensions of Corporate Entrepreneurship, excluding risk taking, have major influence on the performance of Cadbury Plc. It was concluded that predictor variables (innovation, risk-taking, proactiveness and strategic renewal) results in 55.3% variation in organizational performance. Based on this, this paper therefore recommends that organizations must recognize and improve on those corporate entrepreneurship dimensions that positively influence organizational performance which include activities such as innovation, pro-activeness, and strategic renewal. It is further recommended that an organization’s level of corporate entrepreneurship should be vigorously geared towards being consistently innovative, act proactively and continually renew its process to improve performance and compete favourably in the global market.

Keywords: Entrepreneurship, Corporate Entrepreneurship, Organizational Performance, Innovation, Pro-Activeness

JEL Classification: L26

Paper Classification: Research Paper

Introduction
Corporate entrepreneurship as a field of study has been made very important by the global expansion of firms and the awareness that workers are unique assets of organizations for maintaining viability in the global marketplace. Corporate entrepreneurship as a different activity and organizational creativity is crucial to entrepreneurship and business management literatures. The need for new business and the expansion of existing ones, more importantly, in Nigeria has further affirmed the great premium placed on the study of corporate entrepreneurship. The
increasing need for accelerated product development, additional features in smaller products, better and homogeneous quality, stable and reduced prices make it more necessary for good corporate entrepreneurship spirit and non-rigid organization with enabling environment as well as systems that stimulate entrepreneurial behaviour in the organizational workers.

Modern day businesses are incessantly in search of means to be distinctive by espousing innovation and creativity in order to have competitive advantage. Some big organizations try to develop the entrepreneurial spirit and the environment that is characterized with the possibility of thriving corporate entrepreneurial spirits among the employees. Nonetheless, the process of adapting to changes is highly excruciating. The increasing nature of complications that most organizations have faced over the years is liable for intricacies associated with the emergence and execution of ideas engendered by entrepreneurial minded workers.

Organizational capacities need to be improved in order to strategically respond to fast dynamic business environment. Organizations including food and beverages companies need to consistently improve their competitiveness by developing unique capacities, innovative culture and entrepreneurial culture. The modus operandi of corporate entrepreneurs has therefore received growing reputation in the past few years (Kuratko, Hornsby & Hayton, 2015) as it helps firms to appreciate the significance of developing employees’ entrepreneurial mindset and motivating employees to partake in innovative activities in the organization (Umrani, 2016).

Corporate entrepreneurship remains very germane to the growth, profitability and ultimately survival of an organization. This means that certain activities of corporate entrepreneurship help to stimulate organizational innovation and creativity in addition to encourage a culture of taking calculated risks in the organization’s operations in order to strategically position the company in its existing markets as well as developing new ones. Zahra (1993) opines that the corporate entrepreneurship dimensions in the established firms include but not limited to innovation, pro-activeness and risk-taking.

**Statement of Problem**

Despite the empirical evidences (Lumpkin & Dess, 1996; Umrani, 2016) available on the effect of dimensions of corporate entrepreneurship on organizational performance, most studies had concentrated on western world with very little on the Nigerian context. Even, within the scanty studies (Oyedokun, 2015) carried out in Nigeria, very few or none was conducted in food and beverages industry. This has created growing interest among academia and policy makers in determining the application of corporate entrepreneurship as a strategy to gain competitiveness and improve performance in large firms in Nigeria. However, a number of firms in the Nigerian food and beverage industry such as NBC, Nestle and Cadbury Plc have been demonstrating improved performance as seen in the introduction of new products and business expansion but no research is geared towards this direction, hence this research work is made imperative and timely.

**Research Objectives**

This study’s general purpose is to access the Effect of Dimensions of Corporate Entrepreneurship on performance of organizations with emphasis on food and beverages sector of the Nigerian economy while the specific objectives are to:

i) evaluate the influence of innovation on the organizational performance.

ii) examine the effect of pro-activeness on organizational performance.
iii) know the influence of risk taking on organizational performance.
iv) examine the effect of strategic renewal on organizational performance.

Research Questions

The following are the research questions for the study:

i) does innovation have any influence on organizational performance?
ii) is there any effect of pro-activeness on organizational performance?
iii) does risk taking have influence on organizational performance?
iv) does strategic renewal have effect on organizational performance?

Research Hypothesis

$H_{01}$: The dimension of corporate entrepreneurship has no significant effect on organizational performance.

Literature Review

According to Akande (2012), entrepreneurship can be defined as the process of seeking investment opportunities regardless of the resources at the entrepreneur’s disposal. Also, entrepreneurship is perceived by Muhammad & Andow (2010) as an individual’s penchant to establish and operate a new business venture, single-handedly, with a group of individuals or government with a profit-making objective or social surplus in order to amass affluence. However, entrepreneurship is a mindset. It is the art of finding profitable solutions to problems. Hisrich & Peters (2002) see entrepreneurship as a process of creating something new and assuming the risks and rewards. They went further to stress four relevant facets of entrepreneurship which involve: creation process, i.e. producing a new commodity of value to the entrepreneur and other potential users; entrepreneurship involves sacrificing the required time, skills and labor; it involves taking risks; socially, financially and psychologically; and its rewards are in form of self-satisfaction, self-dependence, and profit, among others. For the purpose of this write-up, entrepreneurship is defined as the capacity and keenness of an individual to recognize opportunities and assemble the necessary resources required to pursue these opportunities with a sole objective of providing social and/or economic benefits to oneself and others.

Meanwhile, Corporate Entrepreneurship, as noted by Sharma & Chrisman (1999) is a process by which a person or a group of people in an organization strive to develop a new business or inspire restitution or innovation inside an existing business structure. In the same vein, corporate entrepreneurship is defined by Morris & Kuratko (2002) as an entrepreneurial behavior inside an established organization. To Zahra (1991), the term is also known as corporate venturing or intrapreneurship. Corporate entrepreneurship is referred to as a scenario where, rather than individuals, the entire company acts entrepreneurially (Covin & Miles, 2002). However, corporate entrepreneurship as defined by Zahra & Garvis (2000) is the totality of an organization’s efforts aimed at risk taking, innovativeness, pro-activeness and competitive aggressiveness. These organizations’ efforts proffer a way of reinvigorating and renewing organizations and promoting performance.

Activities such as risk taking, pro-activeness, innovation, new business venturing, new product development, self-renewal, self-sufficiency, competitive aggressiveness and strategic renewal are the core dimensions of corporate entrepreneurship dimensions (Ireland et al., 2009;
Agca et al., 2009; Covin & Miles 1999; Wiklund 1999). The level of entrepreneurship practiced in an organization could be measured by its staff level of innovativeness, pro-activeness and risk taking (Ireland et al., 2009). An entrepreneurially-oriented company is one that actively practices corporate entrepreneurship with cognizance of the dimensions stated above. Self-renewal is generally interpreted as an intermittent change of business processes by renewing core components and resources on which an organization relies (Zahra & Covin, 1995). Self-renewal involves revising a company’s mission, vision, business idea; restructuring activities and implementing changes for overall business innovation (Agca et al., 2009). The enunciation of the vision and planned course at every managerial cadre in the organization is essential, chiefly at a time the organization introduces new changes to existing methods of executing business.

According to Lumpkin & Dess (1996, 2001), organizations that are entrepreneurial or corporate entrepreneurship have these key attributes of innovativeness, pro-activeness, risk-taking and competitive aggressiveness. Innovativeness dimension simply means the inclination of a company to undertake development of new ideas, introducing innovative processes that generate unique product, service, or technological advancement (Lumpkin & Dess, 1996; 2001). Dimensions of pro-activeness demonstrated meeting the needs of the market chances by being the first mover in the market. The purpose of the organization is to enlarge the existing market by gaining a first mover advantage in the competition, encouraging companies to change the strategy of entering the market by providing novelty products and services that will ultimately affect the performance to innovate (Lumpkin & Dess, 2001; Bulut & Yilmaz, 2008). Dimension of risk-taking that is readiness to provide the resources to exploit the opportunities and initiate projects although with uncertain outcome (Nafie, 2014).

The performance of an organization is a pointer to the degree of accomplishment that can be attained and reveals how successful a manager or an entrepreneur is. Performance is the result of the entrepreneurial traits possessed by members of an organization. Performance of the organization is the desired outcome of the organizational behavior of the people in it. Performance assessment of an organization can be carried using the company’s financial ratios. Profitability is a measure of the success of the company’s operations. A company is believed to be at competitive advantage if it has a high rate of profit of the average normal rate of profit. The level of profit is presented in ratios such as the ratio of return on sales, return on assets and return on equity (Nafie, 2014; Umrani, 2016). For long term periods, the measurement model that focuses on financial measures is acceptable. Nevertheless, several aspects of firm’s performance cannot be appraised through financial outcome. Non-financial performance measurement is also important in order to assess the human aspect, the aspect of customers, and other organizational aspects of the work (Nafie, 2014). Non-financial performance measurement in this study focused on creating niche market, sales growth, new internal process, add values for stakeholders and new product or services.

**Empirical Studies Showing the Effect of Corporate Entrepreneurship Dimensions on Organizational Performance**

Various studies have been conducted by researchers to address the correlation between corporate entrepreneurship dimensions and organizational performance but conclusions derived on corporate entrepreneurship dimensions and organizational performance relationship varies from one researcher to another, there are conservable pragmatic evidence that corporate entrepreneurship dimensions have positive effect on organizational performance.
For instance, a study conducted by Karacaoglu, Bayrakdaroğlu & San (2013) examined the influence of corporate entrepreneurship on financial performance of Stock Exchange Firms in Istanbul. The findings revealed that the dimensions of corporate entrepreneurship consisting of risk taking, innovativeness and pro-activeness had positive influence on financial performance of firms. Again, Armesh, Wei & Marthandan (2014) in their study, specified the corporate entrepreneurship’s nature by examining the influence of environmental and organizational factors of corporate entrepreneurship on firms performance. The findings from their research provided a better understanding of the degree to which performance of an organization depends on corporate entrepreneurship. They also developed a model that clarified the nature of influence corporate entrepreneurship and its environmental and organizational antecedents have on performance of an organization. The structural equation adopted was based on the data collected from two hundred and eighty (280) small and medium firms in Iran which showed that organizational, environmental factors and corporate entrepreneurship have a positive correlation. Furthermore, the performance of organizations selected for the study was identified as a relevant factor promoting the survival of active small and medium-sized firms.

Another study by Umrani (2016) accessed the effect of the dimensions of corporate entrepreneurship on performance of five selected banks in Pakistan. Out of the five (5) dimensions of corporate entrepreneurship (work discretion, reward reinforcement, organizational boundaries, and management support and time availability) mentioned, their study showed that only three had a significant relationship with business performance. A three-factor entrepreneurship model was used by Goosen et al. (2002) to examine the influence of financial outcomes on business performance of sampled quoted companies in Johannesburg, South Africa. Result from the study was in support of their hypothesis which stated that corporate entrepreneurship dimensions have significant influence on financial performance.

Model Specification

Mathematically, this model was developed for this study and expressed as follows:

\[ Y_i = \beta_{0i} + \beta_{1i}X_{1i} + \beta_{2i}X_{2i} + \beta_{3i}X_{3i} + \beta_{4i}X_{4i} + \varepsilon \]

Where:

- \( Y_i \) = (dependent variable) organizational performance (creating niche market, sustaining competitive advantage and employee innovation)
- \( X_{1i} \) = (independent variable) innovation
- \( X_{2i} \) = (independent variable) risk taking
- \( X_{3i} \) = (independent variable) pro-activeness
- \( X_{4i} \) = (independent variable) strategic renewal
- \( \beta_{0i} \) = Intercept, \( \varepsilon \) = Error terms

Methodology

The study adopted a survey research design. All employees in Cadbury PLC make up the population of this study, which is over 1,797. The study also considered only the participants that are permanent staff with this company and this forms the sample frame of the study. The study was conducted across departments in Head Office at Lateef Jakande way, Agidingbi, Ikeja,
Lagos State, Nigeria. The choice of study areas was purposive and convenient. Self-administered structured questionnaire served as operational instrument to collect random sampling primary data from 371 respondents. Therefore, the sample size for this study is 371. Also, the study used secondary source like records provided by the Cadbury Plc on its staff. Multiple regression analysis was used for testing the interdependence among variables identified in this study with the help of Statistical Package for Social Sciences (SPSS).

The instruments used in this study were submitted to a panel of experts from the Osun State University, Osogbo, Osun State for validation. The panel carried out a content analysis of each of the questionnaire and eliminated items found to be irrelevant to the research problem. After necessary modifications, the panel of experts recommended the use of the instruments for the study. The scales were further subjected to further item analysis so as to determine their psychometric soundness. The questionnaire was measured and responses were ranked using the 5-point Likert-scale of 1= strongly disagree to 5= strongly agree) with each dimension having 4 questions. The study reported Cronbach reliability alpha of innovation (.74), risk taking (.71), pro-activeness (.76) and strategic renewal (.73).

### Result and Discussion

#### Table 1: Regression Matrix

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Statistics</th>
<th>Dependent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Creating Nich Market</td>
</tr>
<tr>
<td>Dimensions of Corporate Entrepreneurship</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td>R Square</td>
<td>.147**</td>
</tr>
<tr>
<td></td>
<td>Sig. Level</td>
<td>.003</td>
</tr>
<tr>
<td>Risk Taking</td>
<td>R Square</td>
<td>.080</td>
</tr>
<tr>
<td></td>
<td>Sig. Level</td>
<td>.056</td>
</tr>
<tr>
<td>Pro-activeness</td>
<td>R Square</td>
<td>.335**</td>
</tr>
<tr>
<td></td>
<td>Sig. Level</td>
<td>.000</td>
</tr>
<tr>
<td>Strategic Renewal</td>
<td>R Square</td>
<td>.131**</td>
</tr>
<tr>
<td></td>
<td>Sig. Level</td>
<td>.000</td>
</tr>
</tbody>
</table>

** Regression is Significant at a level of 0.05
Source: Field Survey, 2017

The findings revealed that innovation was significant to creating nich market (0.147), sales growth (0.473), new internal process (186), add values for stakeholders (0.301) and new product or services (0.270) at p<0.05. Furthermore, studies showed that proactiveness was significant to creating nich market (0.335), sales growth (0.283), new internal process (0.175), add values for stakeholders (0.213) and new product or services (0.117) at p<0.05. Again, another study revealed that risk taking was insignificant to all the organizational performance parameters and finally, the study indicated that strategic renewal was significant to creating nich market (0.131), sales growth (0.211), new internal process (0.094), add values for stakeholders (0.109) and new product or services (0.128) at p<0.05 . This implied that an increase in the dimensions of corporate entrepreneurship such as innovation, proactiveness, strategic renewal, excluding risk taking results in an increase in all dependent variables of the study.
Table 2: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.528</td>
<td>.435</td>
<td>1.214</td>
</tr>
<tr>
<td></td>
<td>Innovation</td>
<td>.160</td>
<td>.050</td>
<td>.160</td>
</tr>
<tr>
<td></td>
<td>Risk Taking</td>
<td>.021</td>
<td>.053</td>
<td>.020</td>
</tr>
<tr>
<td></td>
<td>Pro-activeness</td>
<td>.379</td>
<td>.052</td>
<td>.377</td>
</tr>
<tr>
<td></td>
<td>Strategic Renewal</td>
<td>.442</td>
<td>.077</td>
<td>.283</td>
</tr>
</tbody>
</table>

R = .744<sup>a</sup>
R Square = .553
Adjusted R Square = .550
Durbin-Watson = .224
F ratio = 21.089
Sig. = .000

a. Predictors: (Constant), Innovation, Risk taking, Pro-activeness, Strategic Renewal
b. Dependent Variable: Organisational Performance
Source: Field Survey, 2017

From the result in the Table 2, the co-efficient of the correlation (r) is 0.744; this shows that there is a statistically positive relationship among the dimensions of corporate entrepreneurship variables and organizational performance. It also indicates that any change or increase in the level of corporate entrepreneurship dimensions variables will bring about the same level of change in Organizational performance. The r-square value obtained was 0.553 which is the coefficient of determination. This implies that identified dimensions (Innovation, Risk taking, Pro-activeness, Strategic Renewal) explains about 55.3% of the variance while 44.7% left is predicted by other variables which were not captured in this study.

The standardized coefficient for each variables are β = .160, .020, .377 and .2830 with p-value of .001, .698, .000 and .000 for Innovativeness, Risk taking, Pro-activeness, and Strategic Renewal respectively which implies that innovativeness is significant to organizational performance. Risk taking is not statistically significant to organizational performance, but pro-activeness is statistically significant to organizational performance. While strategic renewal is significant to organizational performance. With this, the overall coefficient (0.022) is less than the p-value of 0.05. It is important that management should pay close attention to risk taking variable if the objective of improving organizational performance is to be achieved.

F-statistics, which indicates the collective implication of the variables statistically, show that the explanatory variables are relevant in explaining any little change in performance of the organization, given that the calculated F-statistics of 21.089 is greater than the tabulated value of 2.46. Since the p-value is not up to 0.05, the null hypothesis which states that the dimension of corporate entrepreneurship has no significant effect on organizational performance is discarded while the alternative hypothesis for this study is established. This result is in line with the findings of the study conducted by Lumpkin & Dess, (2001).

**Conclusion and Recommendations**

With the results obtained from this study, it was revealed that organizational performance is positively influenced by the dimensions of corporate entrepreneurship, excluding risk taking.
It can therefore, be concluded that corporate entrepreneurship dimensions better improve organizational performance by increasing company’s innovativeness, proactivity, strategic renewal and keenness for risk taking by introducing new products, processes and service development. In line with the conclusion, the following recommendations are made:

Organizations must recognize and improve on those corporate entrepreneurship dimensions that affect organizational performance which include activities such as innovation, pro-activeness, and strategic renewal. It is further recommended that a company’s level of corporate entrepreneurship should be vigorously geared towards being consistently innovative, act proactively and continually renew its process to improve performance and compete favourably in the global market.

References


Questionnaire

Dear Respondent,

**Analysis of Dimensions of Corporate Entrepreneurship and Organizational Performance in Nigeria**

This study is being carried out solely for research purpose. The information given will be treated with strict confidence and will be used only for the write-up of the study.

You are required to tick the best option appropriately.

Yours faithfully,

Signed

**Section A: Demographic Characteristics**

1. Gender.
   a) Male
   b) Female

2. Age:
   a) 18 – 25 years
   b) 26 – 35 years
   c) 36 – 45 years
   d) 47 years and above

3. Educational Qualification:
   a) WAEC/GCE
   b) NCE/OND
Section B

The following set of questions is to identify the effect of Dimensions of Corporate Entrepreneurship on the performance of selected food and beverage firm in Nigeria Please tick (√) in front of the statement that corresponds with the degree of your answer.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Dimensions of Corporate Entrepreneurship</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Many top managers have been known for their experience with the innovative process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>If you are not innovative on the job, you cannot get ahead in this company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Annual performance appraisals in the company include an evaluation of employee innovativeness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>New ideas tend to receive quick go/no go decision from management in this company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Significant resources are committed into unknown but potentially profitable ventures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>People are often encouraged to take calculative risks with ideas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Innovation and risk taking are core value in this company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>The organization encourages new ideas without fear</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Management allows employees to act freely and be able to explore new ideas that can create competitive advantage.</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
The importance of being a fast-mover or pioneer has been frequently emphasized in the organization. There is flat and flexible hierarchical structure to encourage pro-activeness. Management usually louds the motion “Be the first one in the market”.

**Strategic Renewal**

There is a lot of challenges in my job. Significant resources are committed into unknown but potentially profitable ventures. Company adopts flexible organizational structure to increase innovation. Management engages in, and support new ideas, uniqueness, experimentation and creative process that may result in new products, services or technological process.

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**Authors’ Profile**

**Johnson Olabode Adeoti** is an Associate Professor of Business Administration in University of Ilorin, Nigeria. His research interests are Operations Management and Total Quality Management, Strategic Management, Project Management and Quantitative Techniques.

**Asabi Matthew Oludele** is the Head of Department of Business Administration and Management, Osun State College of Technology, Esa-Oke, Nigeria. His research interest is Entrepreneurship Development.